

# 2003 Annual Report

New Jersey Housing and Mortgage Finance Agency

"After planning, saving and waiting so long, to have a home of our own is such a beautiful thing. We are all still riding on cloud nine. Every time I put my key in the front door to enter our home I say a little prayer of thanks. We all feel so blessed. As we continue to add our personal touches that really make it home, it's like an unfinished painting that is beautiful but, in the eyes of the painter, is never quite complete. This makes us feel excited and look forward to many years of home making."

*John Earle Harvey, Jr.*  
Newark, NJ

John Earle Harvey, Jr. purchased his first home in HMFA-financed Bergen Estates, 2003.

# Message from the Governor



Here in New Jersey, we are committed to helping hardworking individuals and families obtain safe and affordable housing. The New Jersey Housing and Mortgage Finance Agency (HMFA) has played an integral role in making that happen since its inception in 1967.

Under the leadership of HMFA Chair Susan Bass Levin, who is also Commissioner of the New Jersey Department of Community Affairs (DCA), HMFA has developed and implemented creative and successful strategies to make housing available to all the State's citizens. In fact, HMFA—in partnership with DCA—has provided more than \$2 billion in funding to help finance 17,526 affordable housing units in 499 municipalities throughout New Jersey since January 2002. While we are proud of the progress we have made throughout this Administration, we are excited to build on our achievements into the future.

Through its innovative programs, HMFA has helped make New Jersey a leader in housing policy that is wholly consistent with smart growth principles—providing low-interest mortgages for homebuyers; creating quality, affordable housing for residents; and encouraging mixed-income and mixed-use developments that offer a combination of office, retail and residential units that are pedestrian friendly.

Housing symbolizes comfort, safety, warmth and shelter. With your help, and the dedicated work of the New Jersey Housing and Mortgage Finance Agency, we can continue to provide our residents with great housing opportunities in environmentally responsible, livable communities.

  
James E. McGreevey



# Message from the Chairman



At HMFA, we continue to develop programs that encourage smart growth and quality housing. Responding to Governor McGreevey's call for a smart growth policy that provides a variety of housing for all New Jerseyans, HMFA is working to ensure that New Jersey grows in the right ways. In cooperation with the Office of Smart Growth and the Office of Information Technologies, we have developed the web-based Smart Growth Locator to identify Smart Growth areas in the State. We have several programs that encourage residents to locate in Smart Growth areas, including our Smart Start closing cost and down payment assistance program.

The Agency's primary goal is to create affordable housing opportunities for our state's low and moderate-income citizens. This year, we created several new programs to support that goal, including Home Express, which allows developers to submit one application when seeking HMFA mortgage financing and DCA Balanced Housing subsidy financing for multi-family rental housing projects that use the Low Income Housing Tax Credit Program.

Other HMFA programs address the needs of our most vulnerable populations—senior citizens, individuals and families with disabilities, people with HIV/AIDS and the homeless. By forming critical public-private partnerships, HMFA has created much-needed programs to give these New Jersey residents a better quality of life.

HMFA's 2003 Annual Report reflects our past, our present and our future.

I commend the entire staff on another outstanding year of accomplishment, and I look forward to working with our public, private, for-profit and nonprofit partners to make New Jersey a better place to call home.

*Susan Bass Levin*  
Susan Bass Levin



# Message from the Executive Director



The year 2003 was a year of accomplishments at HMFA. We successfully implemented the Governor McGreevey's Smart Growth Policy and tailored our programs to boost the production of affordable housing, preserve the State's current affordable housing stock, and provide supportive housing to our special needs population.

In the past year, HMFA has developed several new financing programs to offer mortgages for single family housing programs. These new programs are designed to open the housing market for low and moderate-income households in the State. For instance, we cooperated with municipalities to organize housing fairs to acquaint residents with housing opportunities available in the State.

HMFA has also allocated additional tax credits, worked with public and private agencies to create additional homeownership opportunities, revitalized neighborhoods and provided safe and comfortable accommodations to individuals with special needs.

This was an important year for HMFA—a year in which we embraced the idea that home is what you make of it. In the coming year, we will continue to expand on this theme, and to develop the tools and capabilities necessary to effectively deliver financing in places that make sense for all New Jersey's hardworking families.

Thank you for your continued support.

*Marge Della Vecchia*  
Marge Della Vecchia

HMFA Bond Issuance 1990 - Present

	Series	Economic Refunding	New Money/ Replacement Refunding	Total
Single Family	1990 Series E & F	0	297,945,000	297,945,000
	1993 Series G & H	72,911,474	110,488,526	183,400,000
	1994 Series I & J	0	105,600,000	105,600,000
	1994 Series K	0	80,075,000	80,075,000
	1994 Series L & M	0	150,000,000	150,000,000
	1995 Series N & O	0	105,840,000	105,840,000
	1996 Series P & Q	0	75,000,000	75,000,000
	1996 Series R & S	0	125,000,000	125,000,000
	1997 Series T & U	0	200,000,000	200,000,000
	1998 Series V, W, X & Y	121,065,000	100,000,000	221,065,000
	1999 Series Z & AA	116,180,000	158,050,000	274,230,000
	2000 Series BB & CC	0	150,000,000	150,000,000
	2003 Series DD & EE	0	131,095,000	131,095,000
	2003 Series FF	92,000,000	0	92,000,000
	2003 Series A & B	0	79,985,000	79,985,000
	2003 Series C, D-1, D-2	0	60,000,000	60,000,000
	Totals	402,156,474	1,929,078,526	2,331,235,000
Multi-Family	1991 Series A	84,840,000	0	84,840,000
	1991 Series I (Presidential Plaza)	142,235,000	0	142,235,000
	1991 Series A	0	7,865,000	7,865,000
	1991 Series B	0	14,935,000	14,935,000
	1991 Series C & D	0	8,310,000	8,310,000
	1992 Series I	278,045,000	0	278,045,000
	1992 Series A	8,630,000	0	8,630,000
	1992 Series A, B, C & D	150,280,000	0	150,280,000
	1992 Series E	0	14,585,000	14,585,000
	1995 Series A, B & C	173,500,000	0	173,500,000
	1996 Series A & B	0	47,535,000	47,535,000
	1997 Series A, B, C	0	107,655,000	107,655,000
	1999 Series A, B, C	0	37,715,000	37,715,000
	2000 Series A, B, C	63,855,000	89,685,000	153,540,000
	2000 Series E1, E2, F, G	111,790,000	13,275,000	125,065,000
	2001 Series A,B,C		109,275,000	109,275,000
	2002 Series A, B, C, D, E, F & G	285,345,000	0	285,345,000
	2003 A, B, C, D	0	110,460,000	110,460,000
	Totals	1,298,520,000	561,295,000	1,859,815,000

# Our Mission

## The People We Serve:

The New Jersey Housing and Mortgage Finance Agency (HMFA) programs are designed to help educate and make available home ownership and housing opportunities to New Jersey residents in order to improve their living conditions and other related quality of life issues.

## Our Expertise:

New Jersey HMFA responds to the needs of its citizens by implementing creative programs and establishing alliances that:

- fund affordable home mortgages for first-time home buyers;
- promote construction and rehabilitation of rental housing;
- encourage mixed-income, owner-occupied housing growth as a means to stabilize urban neighborhoods;
- advance the growth and development of municipalities;
- contribute to the quality of life of older adults, the disabled and those with special housing needs; and
- formulate partnerships to foster the economic development of New Jersey and the personal development of its citizens.

## Our Resources:

The New Jersey Housing and Mortgage Finance Agency raises program funds by:

- selling taxable and tax-exempt bonds to private sector investors in national financial markets;
- applying for and administering federal and state grants and housing assistance programs; and
- fostering cooperative relationships with state, municipal, not-for-profit agencies and foundations.

New Jersey Housing and Mortgage Finance Agency does not rely on any direct funding from the State treasury to meet its core operating or administrative expenses. The Agency does rely on favorable federal and state housing legislation to contribute to the vitality of the State's economy and the quality of life of its citizens.



# Year in Review

- Home Buyer Mortgages Program made it possible for more than 550 families to purchase their first homes with \$68 million in low-interest mortgages
- With an eye toward economic diversity, the Market Oriented Neighborhood Investment (MONI) Program committed \$30 million to construct a mix of more than 400 market-rate, moderate-income and low-income homes
- Made strides toward restoring New Jersey's downtowns and neighborhood commercial districts through the allocation of more than \$1.5 million to finance properties containing at least one commercial unit and up to four residential units
- Developed Small Rental Housing Loan Program to finance rental housing complexes containing between five and twenty-five apartments
- Aided in the development of affordable apartments for 1,952 families and seniors through the allocation of \$19 million in competitive tax credits and \$4.6 million in non-competitive tax credits to generate \$287 million in equity investment
- In collaboration with the Department of Human Services and the Commission for the Blind and Visually Impaired, appropriated \$2 million under the Housing Opportunities for the Blind and/or Visually Impaired Program
- Helped ensure affordable housing for New Jersey's most vulnerable residents with the allocation of \$4.4 million to the Special Needs Program Fund
- Established Homeless Supported Housing Program to provide matching fund financing for the development of permanent supported housing for homeless persons with disabilities
- Allocated \$1 million to the Transitional and/or Permanent Housing Loan Program for Special Needs Children and Adolescents Aging Out of Foster Care to provide loans to organizations that offer service-enriched transitional and permanent housing opportunities for youth aging out of foster care
- Launched the Smart Start Program to provide down payment and/or closing costs assistance to qualifying families purchasing homes in Smart Growth areas
- In an effort to revitalize urban communities and avoid sprawl, initiated the City Living Program to provide low-interest loans for the production of market-rate housing in Smart Growth areas

# *Year in Review*

- Under the Close to Home Initiative, established the Live Where You Work Program to
  - provide low-interest loans to families wishing to purchase homes in the municipalities where they work
- Received the prestigious “Window of Opportunity” grant from the MacArthur Foundation,
  - to be used to conduct statewide inventory of New Jersey’s affordable housing
- Honored with the First Annual New Jersey Neighborhood Achievement award from the
  - Local Initiatives Support Corporation for work in community development
- Named “Funder of the Year” by the Supportive Housing Association of New Jersey
  - and the Corporation for Supportive Housing in recognition of our Homeless Supported Demonstration Program
- Received reaffirmation of Aa2 issuer rating by Moody’s Investor Service, reflecting the
  - strong financial position, sound performance and credit quality of HMFA’s bond program
  - and our skilled and seasoned management team
- Appropriated \$5 million to establish a Non-Profit Acquisition and Predevelopment Fund
  - to support the development of affordable housing pipelines for non-profit housing groups



# *Single Family*

**"Know what you want and go after it. If you are ambitious enough you will get it. Set your goals and achieve them."**

***Ebony Marshall Town***

Single working mother of an eight-year-old son  
2003 graduate of Rutgers University

Ebony purchased her first home through HMFA's single family homebuyer's program.



As New Jersey property values soar, many people are finding they simply can't afford to buy their own home. HMFA's single family home buyer programs, however, are opening the door to homeownership for families who thought they'd never achieve this classic American dream. In 2003 alone, nearly 556 first-time and urban area home buyers moved into their own homes with the help of \$68 million in below-market, fixed interest rate HMFA mortgage loans. And since accumulating the funds for down payment and closing costs is a common barrier to potential homeowners, HMFA's new Smart Start Program provided second mortgages for 140 lower-income families purchasing homes in Smart Growth areas.

Under our popular Police and Fireman's Retirement System Mortgage Program, 1,230 of our State's finest and bravest purchased or refinanced a home in New Jersey. Total loans to police and fire in 2003 were \$268 million. In 2003, HMFA made it easier for our State's police and firefighters to purchase the home of their choice by raising the mortgage loan limit to \$300,700.

In an effort to encourage economic diversity, stabilize targeted neighborhoods and stimulate economic growth, \$30 million in financing and subsidies was committed under the Market Oriented Neighborhood Investment (MONI) Program to fund the construction of Urban for-sale housing. In addition to the HMFA's Investment, the MONI Program leveraged an additional \$24.5 million in loans and grants into the MONI developments. In total, more than 400 families will have a new place to call home in developments that contain a mix of market-rate and affordable housing units. Additionally, under the At Home Downtown Program more than \$1.5 million in reduced-rate loans was provided to business owners and investors to revive the mixed-use vitality of New Jersey's downtowns and neighborhood commercial districts.

### 2003 Single Family Production - Closed

County	Mortgage Amounts	Number of Loans	County	Mortgage Amounts	Number of Loans
Atlantic	\$11,318,835	79	Middlesex	\$27,565,518	150
Bergen	\$40,526,399	167	Monmouth	\$23,424,466	107
Burlington	\$19,216,171	126	Morris	\$27,200,139	117
Camden	\$15,218,906	120	Ocean	\$31,498,887	162
Cape May	\$2,053,750	11	Passaic	\$18,340,534	82
Cumberland	\$5,228,725	54	Salem	\$3,512,632	34
Essex	\$23,287,872	110	Somerset	\$12,007,278	56
Gloucester	\$12,058,049	83	Sussex	\$8,243,517	42
Hudson	\$6,603,019	33	Union	\$17,386,574	79
Hunterdon	\$8,742,605	42	Warren	\$8,216,993	43
Mercer	\$14,420,278	89	Total	\$336,071,147	1786



# Community Revitalization

"This program is yet another initiative to ensure we are investing in the growth of our urban areas and older suburbs. Through the collaborative efforts of our many State agencies, it enables us to create a school that will serve as a magnet for the rebirth of a community. By leveraging the State's commitment, we can attract private and non-profit investment to energize the local economy, build safe neighborhoods for our students, and secure a successful future for our families.

*Governor James E. McGreevey*  
March 12, 2003

Speaking from the future site of the Roebeling Elementary School in Trenton.

New Jersey is known for its wonderfully safe and neighborhood-oriented suburbs. What is sometimes forgotten is how much our urban areas have to offer. An essential part of Governor McGreevey's Smart Growth Policy is to lure new residents to our cities with increased homeownership and rental opportunities, improved schools and safer neighborhoods.

In 2003, under the Market Oriented Neighborhood Investment (MONI) Program, HMFA committed \$30 million to construct a mix of more than 400 market-rate, moderate-income and low-income homes. The goal of this financing, and the program in general, is to encourage diversity, stabilize targeted neighborhoods, and stimulate economic growth. By focusing on homeownership, MONI gives residents a stake in the growth and eventual stabilization of their own neighborhoods.

The School Renaissance Zone (SRZ) Program, also introduced in 2003, combines Smart Growth ideals, school construction, and targeted state investment to spur private economic development in the neighborhoods around schools. The Roebling neighborhood in Trenton has been chosen as the first site to benefit from the program. As a resident of the neighborhood, HMFA will participate in the transformation of an abandoned factory complex into a thriving and historically significant pre-K through 8 educational facility.

Another tenet of Governor McGreevey's Smart Growth initiative is to rehabilitate existing structures to curb sprawl and revitalize existing neighborhoods. Newer does not have to mean better, and affordable should not mean run-down. Penns Grove Apartments in Penns Grove, Salem County is just one complex that has benefited from needed improvements, through \$5.5 million in HMFA financing and \$2.2 million in tax credit equity. HMFA's financing also helped with the expansion of the community center, a vital element in the rejuvenation of the area.



**"It's been like a remodeling of the neighborhood. People just don't want to move out anymore. When you live somewhere a long time, you identify with your neighbors; you go out in the community and get together. That makes you grow stronger as a community."**

***Reverend Radames Chardon***  
Ten-year resident of Penns Grove  
Apartments in Penns Grove, NJ

Permanent financing from HMFA and Low Income Housing Tax Credits allowed Silver Street Development Corp., the project sponsor, to extend the affordability of the 144 apartments for an additional 30 years.





# *Tax Credits*

*"I really like the complex at Brick. I love the tranquility and calmness the water brings to my life. I also really like the staff here! I really feel like the staff care about me and I am not considered as a part of the job.... that is forgotten at the end of the workday. If I need transportation anywhere, they can take me to that location. If also I need help doing a specific chore that I cannot do, they either help you to complete it or show you how you can complete it on your own."*

*Deb Clarkson*

Brain tumor surgery survivor;  
1992 graduate of Trenton State College

Deb Clarkson is currently pursuing a professional writing certificate. She is a resident of special needs housing complex in Brick Township, NJ. HMFA allocated \$439,000 in federal low-income housing tax credits to generate approximately \$3.5 million in private investment.

In the nearly two decades since its inception, the federal Low Income Housing Tax Credit Program has proved to be the most effective federal housing initiative focused on providing affordable rental housing. As the agency responsible for administering the tax credits for the State of New Jersey, HMFA is proud to have assisted in the development of 400 rental housing developments that have provided an impressive 24,000 families with a safe place to call home.

HMFA continues to allocate tax credits on a competitive and non-competitive basis, providing incentives to developers who develop affordable rental housing. The credits provide the equity needed to subsidize the development and/or rehabilitation of affordable housing.

In 2003, HMFA allocated \$13.5 million in competitive tax credits and \$4.6 million in non-competitive credits to create affordable apartments for 1,952 families, seniors and the developmentally disabled. An additional \$5.5 million in competitive credits was allocated to projects that had received credits in previous years.

***2003 New Project Competitive Low  
Income Tax Credit Awards***

<b>Allocations</b>	<b>Number of Units</b>
\$13,514,127	1022

***2003 Non-Competitive New Project  
Low Income Tax Credit Awards***

<b>Allocations</b>	<b>Number of Units</b>
\$4,564,814	930

***2003 Competitive Low Income Housing  
Tax Credit Awards for Projects  
With Credits From Prior Years***

<b>Allocations</b>	<b>Number of Units</b>
\$5,533,950	*



# Special Needs

"I am so pleased with the care and the education that Cory is getting. They make him feel wanted. I really couldn't ask for better care."

*Tracy Pope*  
Mother of Cory, 3

Cory, who was born prematurely and is an asthma sufferer who frequently battles pneumonia, began receiving medical and day care through Project Secure Start when he was 11 months old.



HMFA's goal is to provide safe and affordable housing for all New Jersey residents. In fulfilling our mission, it is imperative that we not forget our state's most vulnerable citizens and under-served communities. With this in mind, HMFA implements a menu of innovative and flexible housing programs for those with special needs. In 2003, a total of \$4.4 million was allocated to the Special Needs Program Fund to provide low-interest loans under the special needs housing programs, which provide a wide array of innovative and flexible housing opportunities as well as access to the appropriate support services for individuals with special needs.

Knowing our children are our state's greatest resource, HMFA completed the first loan under the new HMFA/DYFS partnership designed to promote housing opportunities for homeless and aging out of youth. The project, known as The Shore House, located in Toms River, Ocean County, will provide transitional living services to youth ages 16-21 who are homeless, and/or have been living on the streets or are DYFS placed youth aging out of the DYFS foster care system. The project, which will be completed in 2004, will include 7 bedrooms, 4 bathrooms, a kitchen, dining rooms and two staff offices. Additionally HMFA allocated \$1.3 million to provide 16 adopted children and 12 foster age children with housing under the Homeownership for Permanency Program. Under the Project Secure Start project the HMFA financed the acquisition and rehabilitation of a property in New Brunswick, Middlesex County to provide housing and services for mothers and their medically fragile infants and toddlers who were recently released from local hospitals.

In addition, a new program was created and received an initial \$2 million to ensure housing opportunities for the blind and visually impaired. Also in 2003, the Homeless Supported Housing Program was established to provide financing for the development of permanent supported housing for homeless persons with disabilities.

**“Project Secure Start attempts to address the needs of very frail infants and support parents in the very critical first year of life. It gives parents a sense of hope that the world is not falling down around them.”**

***David J. Harris***

Executive Director,  
Greater New Brunswick Day Care Council, Inc.

Greater New Brunswick Day Care Council, Inc. is the sponsoring agency for Project Secure Start house in New Brunswick, NJ.



# *Multi-Family*

**“They [other senior housing apartments] are very expensive. The only income we have is our social security, so this place is perfect for us. I think it’ll be great. I’m really looking forward to going there. I’m looking forward to that exercise room to continue my [post-heart attack] therapy!”**

***Robert Cohen, 71***

Future resident of Senior Horizons at Clifton  
in Clifton, Passaic County, NJ

Robert Cohen is pictured with his wife Ann and future residents Lawrence and Margaret Graziano. HMFA approved low income housing tax credits in the amount of \$491,022 which generated \$4.2 million in private equity, \$7.8 million in tax-exempt financing and \$1.6 million in affordable housing subsidy. The complex will provide 125 safe and affordable apartments for independent seniors, as well as the amenities New Jersey seniors value, such as a community room, walking trail, library, gardening areas and exercise room.

New Jersey is a densely populated state for a reason – it is a great place to live and work. As more and more people see the appeal of our state and decide to call it home, rental housing becomes more scarce and expensive. It has therefore become imperative that New Jersey expands the supply of affordable rental housing for those who want to live here, but who cannot or do not want to own a home.

More than 5,400 families will open the doors to safe and affordable apartments through HMFA's issuance of \$141 million in mortgage loans and \$212 million in financing commitments.

It is especially essential that affordable rental housing is provided for New Jersey's most vulnerable residents – seniors and adults with special needs. To that end, HMFA committed nearly \$103 million to create homes for 1,680 of our older residents. Many of the developments, such as the Comprehensive Personal Care Home known as Brightside Manor in Teaneck, New Jersey, will provide the assistance some seniors need in order to maintain a high quality of life. In addition over \$4 million was provided to create 36 innovative and comfortable rental units for persons with special needs. HMFA takes great pride in providing our senior citizens and disabled residents the support services they need and the independence they desire, while also offering them an affordable and safe place to call home.

#### 2003 Multi-Family Production - Closed

County	Mortgages	Units
Bergen	\$4,029,900	36
Burlington	\$19,263,291	448
Camden	\$22,991,727	642
Gloucester	\$1,715,175	94
Essex	\$38,090,329	487
Hudson	\$23,715,808	130
Middlesex	\$5,165,773	88
Salem	5,453,000	144
Union	\$20,718,136	268
Total	\$141,143,139	2337



Susan Bass Levin  
HMFA Chairman and Commissioner of  
the Department of Community Affairs



James M. Davy  
Commissioner of the Department  
of Human Services

# Board Members



Dorothy L. Blakeslee  
Financial Advisor



Patrick Sheehan  
Attorney



Peter Harvey  
Attorney General

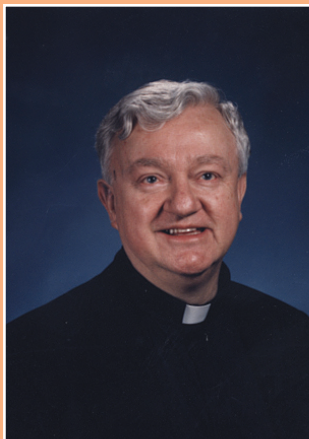


John Mc Cormac  
Treasurer



Holly Bakke  
Commissioner of the Department  
of Banking and Insurance

# *Board Members*



Reverend Monsignor  
William J. Linder  
Clergyman



Michael Steele  
School Business Administrator





# *Executive Staff*

Marge Della Vecchia, Executive Director

Tracee Battis, Chief of Programs

Richard Evert, Chief of Regulatory Affairs

Michael Floyd, Chief of Program Services

Eileen Hawes, Chief Financial Officer

Peter Kasabach, Chief of Policy and Community Development

Lenore Rosner, Chief of Operations

Main Telephone Number: 609-278-7400  
Consumer Hotline: 1-800-NJ-HOUSE (654-6873)  
TTY: 1-877-325-6524  
Internet Address: [www.nj-hmfa.com](http://www.nj-hmfa.com)  
Mailing Address: P.O. Box 18550, Trenton, NJ 08650-2085



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New Jersey Housing  
and Mortgage Finance Agency  
P.O. Box 18550  
Trenton, NJ 08650-2085



*James E. McGreevey*  
Governor



*Susan Bass Levin*  
Commissioner, DCA

